

Wenke Greenhouses
2525 N. 30th Street
Kalamazoo, MI 49048

Lisa Wenke Ambrosio:
Phone: (269) 349-7882
Fax: (269) 373-6166
E-mail: lisa@wenkegreenhouses.com

Statement to Senate Ag Committee 2-27-18

Thank you Chairman Hune and members of the committee for the opportunity to speak with you today regarding the issue of sales tax and the exemption for horticulture.

1. My name is Lisa Wenke Ambrosio. I am one of the owners of Wenke Greenhouses in Kalamazoo, MI. We also own Sunbelt Greenhouses in the state of Georgia.
 - We produce bedding plants and garden vegetables for garden centers, landscapers and box stores.
 - We are one of the largest producers of bedding plants in the country with over 60 acres of greenhouses.
 - I am the 3rd generation.
 - In Michigan, we employ over 100 people full time and an additional 150 people seasonally
2. We received a sales/use tax audit notice in December of 2017. We were audited in 2003 for the same thing and had only a very small tax bill as a result. Therefore, I was not concerned about the audit notice that we recently received until I learned from the MGGC that the sales tax requirements were being interpreted differently now.
3. In the 2003 audit, we were told that things we considered part of the building were tax exempt. The example is paint and paint brushes. The paint that we purchase is tax exempt while the paint brush is not tax exempt. We have been applying this same rule for many years and understood that we were doing things correctly based on the previous audit and confirmed by our accountant.
4. As a reference, our business in Georgia is sales/use tax exempt for items that are part of the building.
5. I was part of a group that in December met with the Treasurer Nick Khouri and the Governor's Chief of Staff Dick Posthumus. We were told that the law itself had not changed but that the interpretation of the law had changed in February 2016. We all agreed that horticulture had always been thought of as tax exempt prior to 2016. Changing the law to clearly state that horticulture is sales / use tax exempt is needed to correct this.
6. Over the past 5 years, Wenke Greenhouses has significantly expanded and done a lot of facility upgrades. We were not expecting to pay sales/use tax on the materials we purchased. If we are asked to pay sales/use tax after our audit, the dollar amount could be over \$100,000. This is a significant cost to our business which is already experiencing significant margin shrink and competition. This would also impact our ability to do future facility upgrades.
7. I am asking you to support HB 4561 which will simply make the law match the way that the way it has been interpreted for over 75 years.
8. Mr. Chairman and members of the committee – Thank you. I am available to answer any questions.

Where the Earth laughs in flowers!